

Message Text

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11

ACTION EA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 AGR-05 PA-01 PRS-01 /084 W

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R 200740Z JAN 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2245

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

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E.2/. 11652: N/A

TAGS: BEXP TH ID MY RP

SUBJECT: JAPANESE INVESTMENT SURVEY MISSION TO ASEAN COUNTRIES

REF: STATE 008963

1. SUMMARY: JAPANESE EMBOFFS HAVE ADVISED US PRIVATELY THAT SUBJECT MISSION WHICH VISITED INDONESIA NOVEMBER 2-6, 1975 PRODUCED NOTHING SIGNIFICANT. GROUP AVOIDED TOUCHY SUBJECTS IN TALKS WITH GOI OFFICIALS AND LATTER OFFERED NOTHING NEW ON INDONESIAN VIEWS TOWARD JAPANESE AND OTHER FOREIGN INVESTMENT. END SUMMARY.

2. JAPANESE COUNSELOR MOGI CONFIDED TO EMBOFF IN NOVEMBER SHORTLY AFTER MISSION DEPARTED THAT HE WAS DISAPPOINTED WITH MISSION. HE SAID MEMBERS WERE NOT WELL-INFORMED AND LIMITED THEMSELVES TO POLITE, UNFOCUSED QUESTIONS IN MEETINGS WITH GOI OFFICIALS.

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3. IN RESPONSE TO REFTEL, EMBOFF CALLED ON JAPANESE EMBASSY FINANCIAL ATTACHE TANAKA WHO WAS ESCORT OFFICER FOR MISSION, TO INQUIRE FURTHER ABOUT VISIT. TANAKA CONFIRMED MOGI'S VIEWS, SAYING HE PERSONALLY THOUGHT THE MISSION ACCOMPLISHED LITTLE.

EMBASSY HAD HOPED MISSION WOULD PRESS GOI OFFICIALS FOR CLEAR INTERPRETATION OF GOI POLICY ON FOREIGN-LOCAL EQUITY OWNERSHIP IN JOINT VENTURES, AND RAISE QUESTIONS OF TAXES, CORRUPTION AND RED TAPE WHICH CONCERN JAPANESE INVESTORS IN INDONESIA, BUT THAT THE JAPANESE BUSINESSMEN WERE "TOO DIPLOMATIC" AND AVOIDED CONTROVERSIAL SUBJECTS.

4. DISCUSSING JAPANESE INVESTMENT IN INDONESIA IN GENERAL, TANAKA SAID ALTHOUGH JAPANESE BUSINESSMEN STILL VIEW INDONESIA AS IMPORTANT LOCALE FOR INVESTMENT, THEY ARE NOW TAKING A MORE SOBER, CAUTIOUS ATTITUDE TOWARD INDONESIA, IN VIEW OF CONTINUING PROBLEMS OF DOING BUSINESS HERE. (NOTE: EMBASSY HAS HEARD COMMENTS CONFIRMING THIS FROM JAPANESEBUSINESSMEN.)

5. APPROVED JAPANESE PRIVATE INVESTMENT IN INDONESIA AS OF AUGUST 1975 WAS \$1.102 BILLION. NEW ANNUAL INVESTMENT IN-;* :43- 3\$ *49. \$250 MILLION IN 1973 TO \$450 MILLION IN 1974, BUT DECLINED SHARPLY TO \$36.5 MILLION THROUGH AUGUST 1975. TANAKA PREDICTED INCREASE IN INVESTMENT IN 1976 IF RECOVERY OF JAPANESE ECONOMY PERMITS, BUT SAID THERE WOULD BE NO "BOOM" IN NEW INVESTMENT, EVEN WITH FULL RECOVERY IN JAPAN, IN VIEW OF MORE CAUTIOUS ATTITUDE JAPANESE BUSINESS TOWARD INDONESIA. RIVES

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